



# Los Angeles Grand Avenue Authority



## **Board of Directors**

Hon. Gloria Molina, Chair  
Hon. Jan Perry, Vice Chair  
William T Fujioka, Secretary  
Cecilia V. Estolano  
Dale Bonner, Ex Officio

## **OCTOBER 27, 2008 MINUTES**

The twenty-sixth meeting of the Los Angeles Grand Avenue Authority was held October 27, 2008, at the Kenneth Hahn Hall of Administration, Room 374-A, 500 West Temple Street, Los Angeles, CA.

## **CALL TO ORDER**

Vice-Chairperson Jan Perry called the meeting to order at 10:06 a.m. The following Directors were present constituting a quorum of the JPA Board:

Honorable Jan Perry, Vice Chair, Ninth District Councilmember, City of Los Angeles  
William T Fujioka, Chief Executive Officer, County of Los Angeles  
Cecilia V. Estolano, Chief Executive Officer, Community Redevelopment Agency  
Dale Bonner, Ex-Officio

## **APPROVAL OF THE JULY 28, 2008 MINUTES**

On motion of Director Fujioka, seconded by Director Estolano and unanimously carried, the JPA Board approved the July 28, 2008 minutes as submitted.

## **ELECTION OF OFFICERS**

**Election of Chair:** On motion of Director Perry, seconded by Director Estolano and unanimously carried, the JPA Board re-elected Chair Molina.

**Election of Vice-Chair:** On motion of Director Fujioka, seconded by Director Estolano and unanimously carried, the JPA Board re-elected Vice Chairperson Perry.

**Election of Secretary:** On motion of Director Perry, seconded by Director Estolano and unanimously carried, the JPA Board re-elected Secretary Fujioka.

## **GRAND AVENUE PROJECT STATUS REPORT – NELSON RISING, BILL WITTE**

Nelson Rising, Chair, Grand Avenue Committee, informed the JPA Board that since the last meeting there has been a great deal of progress. The changes to the schedule that were approved at the last meeting required a number of milestone submissions of the Developer, which were:

- The 50% Final Construction Document set was to be submitted on or before September 8, 2008, and was received on September 5<sup>th</sup>.
- The Concept Art Plan and Preliminary Landscape Plans for Phase I of the Park was submitted timely and as scheduled on October 1, 2008.
- The Extension Agreement called for the Developer to submit monthly reports on overall progress, which has been received, and considerable progress is being made on all aspects of the project.
- As allowed by the extension agreement, the amount of the Letter of Credit can be reduced when the Developer shows evidence that payments have been made to the many firms and companies currently working to complete the design of the project.
- On October 1, 2008, after review of all documentation, the Committee authorized a reduction of the Letter of Credit by approximately \$1.6 million; it now stands at approximately \$20.8 million. The Letter of Credit reduction was contingent upon Related submitting evidence of expenditures on 80% completed documents by December 15, 2008.
- The Designers have submitted the initial Schematic Design package of the Park, however, before the package comes to the Authority Board for review, a cost estimating exercise will be undertaken to determine where they stand against the budget.

**DEVELOPER'S REQUEST FOR CONSENT TO A CHANGE IN THE OWNERSHIP  
STRUCTURE OF GRAND AVENUE LA, LLC – MARTHA WELBORNE**

Martha Welborne, Managing Director of the Grand Avenue Committee, reported that in March 2008 when the JPA Board approved Istithmar as a new partner in the project another investor was anticipated but not yet identified. Since then, the Developer has brought in the additional partner, a group of three insurance companies from South Korea, the Dongbu Insurance Company, the Dongbu Life Insurance Company, and the Kumho Life Insurance Company who are in partnership with a real estate investment management company. Collectively, they are called the Honua Group and their investment advisor is Honua Investment Management, Inc. They will be investing in every phase of the project.

The Committee's legal counsel, Gilchrist & Rutter, and its economic advisor, Keyser Martson, have reviewed all partnership documents and financial statements, and have determined that the partnership as structured meets all requirements of the Disposition and Development Agreement (DDA).

As required by the DDA, the Community Redevelopment Agency (CRA) and the County Board of Supervisors were required to and did approve this new partnership prior to action by the JPA. The CRA approval occurred on October 16, 2008, and the Board of Supervisors' approval occurred on October 21, 2008.

The Honua Group plans to invest in all three phases of the project. Their investment in Phase I matches that of Istithmar, at approximately \$100 million. The Honua Group will provide 45% of the capital for Phase I, and will realize 35% of the profits. In order to bring this investor into the project, the Related Companies gave up 10% of their profits, and are now providing 10% of the capital for Phase I and will receive 30% of the profits.

In this economic climate, the Committee was pleased that Related succeeded in finding a \$100 million investor. The Committee recommended approval.

**On motion of Director Fujioka, seconded by Director Perry and unanimously carried, the JPA Board approved the change in ownership structure of the Grand Avenue LA, LLC.**

**DEVELOPER'S REQUEST FOR AN EXTENSION TO FINALIZE RESTRUCTURING DOCUMENTS WITH MANDARIN ORIENTAL (LOS ANGELES), INC. – MARTHA WELBORNE**

Martha Welborne reported that the Developer was previously granted an extension of 120 days, or until November 17, 2008, to allow for finalization of their partnership documents with the Mandarin Oriental Hotel.

The Developer has requested an additional extension of 60 days, or until January 16, 2009, because as an equity partner and operator of the hotel, there are multiple legal agreements and overlapping terms to be reconciled.

Ms. Welborne noted that the Grand Avenue Committee, after careful consideration, recommended approval.

**On motion of Director Fujioka, seconded by Director Perry and unanimously carried, the JPA Board approved an additional extension in the finalization of restructuring documents with Mandarin Oriental Hotel.**

**REQUEST FOR AN EXTENSION TO SUBMIT CONCEPT ART PLAN AND PRELIMINARY LANDSCAPE PLANS FOR PHASE 1 DEVELOPMENT SITE, PARCEL Q – MARTHA WELBORNE**

Martha Welborne advised that the Concept Art Plan and Preliminary Landscape Plans were submitted on October 1<sup>st</sup>. However, an extension for these documents is requested for the following reasons:

- The Grand Avenue Committee has been following the CRA's Art Policy for the development sites, and is therefore relying heavily on the CRA staff, especially Susan Gray, their cultural arts planner, to assist in the review of the Art Plan.
- Ms. Gray has determined that the Art Plan as submitted is not yet complete, and while the Committee reviewed the art and landscape proposals, several Committee members strongly believe that a Los Angeles artist should be included among those selected.
- Both plans are still under review by the CRA for compliance with the City's downtown urban design guidelines.

The Committee and the CRA believe that an extension is needed for Related and their consultants to round out this submission. A suggestion was initially made in a JPA Board memo for a new deadline of December 15, 2008, however, the CRA suggests a more realistic date would be February 15, 2009, given the amount of work yet to be completed to meet CRA requirements.

**Following discussion, on motion of Director Fujioka, seconded by Director Estolano and unanimously carried, the request for an extension to February 15, 2009 for**

**submittal of the Concept Art Plan and Preliminary Landscape Plans for Phase 1 Development Site, Parcel Q, was approved.**

**DISCUSSION OF FUTURE AGENDA ITEMS, DATE OF NEXT MEETING**

Martha Welborne advised that because the next regular Grand Avenue Authority meeting is scheduled on Monday, November 24, 2008, Thanksgiving week, it is more likely that if a meeting is necessary it will occur the beginning of December. Also, future agenda items include the Park Budget, Park Schedule, the Civic Park Development Plan, 501c3, the Art Plan and Landscape Plans, and the Park Business Plan.

**PUBLIC COMMENT**

Brady Westwater, resident, Downtown Neighborhood Council, inquired regarding a 501c3 status report. Director Perry requested a 501c3 update at the next meeting. In response to a follow-up question on public input for the Public Art Plan, Director Estolano suggested that since this is a CRA matter Mr. Westwater should contact Susan Gray for assistance.

**ADJOURNMENT**

There being no further business, Vice Chair Perry adjourned the meeting at 10:25 a.m.